

Decrease in state retirement plan contributions

Beginning July 1, 2009, employees in PERS 2, PSERS and LEOFF 2 will see a decrease in their contributions toward retirement as a result of decreases in the basic employer and member rates adopted by the Pension Funding Council. The rates are based on the analysis of a number of factors, including the financial and demographic experience of the plans, and on the cost of benefit changes approved by the state Legislature in 2008.

What it means for you

The contribution rate for **PERS 2** employees will decrease from 5.45% to 3.89%. The contribution rate for **PSERS** employees will decrease from 6.57% to 6.55%. The contribution rate for **LEOFF 2** employees will decrease from 8.83% to 8.45%.

For employees paid:

- On the 5th and 20th of the month, the decreased deduction will begin with the July 20 paycheck
- Every other Thursday, the decreased deduction will begin with the July 23 paycheck.

King County is also contributing less toward employee retirement plans – decreasing from 8.31% to 5.29% for all PERS plans, from 9.43% to 7.84% for PSERS, and from 5.46% to 5.23% for LEOFF 2.

The difference in your paycheck

Your paycheck may show a net increase depending on your federal tax withholding and any pre-tax deductions you have elected.

With a net increase in your take-home pay, you may want to contribute that amount toward retirement through the county's deferred compensation plan. To open an account or increase the amount in your existing account, call Deferred Compensation Coordinator Moneca Allen at 206-263-9250.

If you're paid on the 5th and 20th of the month

Here is a sample of before and after paychecks for an employee with federal withholding for a single person with one exemption:

Sample paycheck before			
Regular earnings	\$ 2,000.00	PERS 2 retirement at 5.45%	\$ 109.00
		Federal withholding	232.31
		Social Security	124.00
		Medicare	29.00
Total earnings	\$ 2,000.00	Total deductions	494.31
Net pay			\$ 1,505.69

Sample paycheck after			
Regular earnings	\$ 2,000.00	PERS 2 retirement at 3.89%	\$ 77.80
		Federal withholding	240.11
		Social Security	124.00
		Medicare	29.00
Total earnings	\$ 2,000.00	Total deductions	470.91
Net pay			\$ 1,529.09

Net increase in July 20 take-home pay	\$ 23.40
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If you're paid every other Thursday

Here is a sample of before and after paychecks for an employee with federal withholding for a single person with one exemption:

Sample paycheck before			
Regular earnings	\$ 2,000.00	PERS 2 retirement at 5.45%	\$ 109.00
		Federal withholding	250.81
		Social Security	124.00
		Medicare	29.00
Total earnings	\$ 2,000.00	Total deductions	512.81
Net pay			\$ 1,487.19

Sample paycheck after			
Regular earnings	\$ 2,000.00	PERS 2 retirement at 3.89%	\$ 77.80
		Federal withholding	258.61
		Social Security	124.00
		Medicare	29.00
Total earnings	\$ 2,000.00	Total deductions	489.41
Net pay			\$ 1,510.59

Net increase in July 23 take-home pay	\$ 23.40
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If you have any questions about the rate change, please contact the Washington State Department of Retirement Systems (DRS) at 1-800-547-6657 or recep@drs.wa.gov. More information is available on the DRS Web site at www.drs.wa.gov.

Historical contribution rates for PERS and LEOFF employees					
PERS Plan 2 – Contribution rates (rates shown as of July 1 each year)			LEOFF Plan 2 – Contribution rates (rates shown as of July 1 each year)		
Year	Member rate	Employer rate	Date	Member rate	Employer rate
1998	4.65%	7.50%	1998	8.48%	5.27%
2001	0.88%	1.77%	2001	4.50%	2.93%
2004	1.18%	1.40%	2004	5.07%	3.26%
2005	2.25%	2.44%	2005	6.75%	4.24%
2006	3.50%	3.69%	2006	7.79%	4.87%
2007	4.15%	6.12%	2007	8.60%	5.35%
2008	5.45%	8.31%	2008	8.83%	5.46%
2009	3.89%	5.29%	2009	8.45%	5.23%